

IN C. 50 From November

रजिस्ट्री सं० डी० 221

REGISTERED NO. D. 221



भारत का राजपत्र

The Gazette of India

प्रसाधारण

EXTRAORDINARY

भाग 2—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 49
No. 49

नई दिल्ली, शनिवार, अगस्त 30, 1969/भाद्रा 8, 1891
NEW DELHI, SATURDAY, AUGUST 30, 1969/BHADRA 8, 1891

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह प्रलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on the 30th August, 1969:—

BILL No. 79 OF 1969

A Bill further to amend the International Monetary Fund and Bank Act, 1945.

Be it enacted by Parliament in the Twentieth Year of the Republic of India as follows:—

1. (1) This Act may be called the International Monetary Fund and Bank (Amendment) Act, 1969.

Short title
and com-
mence-
ment...

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Amend-
ment of
section 2.

2. In section 2 of the International Monetary Fund and Bank Act, 1945 (hereinafter referred to as the principal Act), in sub-section (1),—

(a) for the words "There shall be paid out of the Consolidated Fund of India", the words "There shall be paid, after due appropriation made by Parliament by law in this behalf, out of the Consolidated Fund of India" shall be substituted;

(b) in clause (c), after the words and figures "under section 8 of Article V", the words and figures ", or under section 2, section 3 or section 5 of Article XXVI," shall be inserted;

(c) after clause (d), the following clause shall be inserted, namely:—

“(dd) any assessments required to be paid by the Central Government to the International Fund under section 4 or section 5 of Article XXVI of the Fund Agreement;”.

Insertion
of new
section 3A.

Reserve
Bank to
use, re-
ceive,
acquire,
etc., special
drawing
rights on
behalf of
Central
Govern-
ment.

3. After section 3 of the principal Act, the following section shall be inserted, namely:—

“3A. The Reserve Bank may, on behalf of the Central Government, use, receive, acquire, hold, transfer or operate the special drawing rights of that Government in the International Fund and perform all acts supplemental or incidental thereto.”.

STATEMENT OF OBJECTS AND REASONS

The International Monetary Fund and the International Bank for Reconstruction and Development were brought into existence through an international agreement concluded at the U.N. Monetary and Financial Conference held in 1945, and India became one of the original members of these institutions by signing the respective Articles of Agreement. An Ordinance called "the International Monetary Fund and Bank Ordinance, 1945", was promulgated in December, 1945, to implement the agreements under which these two institutions were established. In 1959, the Board of Governors of the International Bank decided on an increase in the authorised capital stock of the Bank and a general 100 per cent. increase in the subscriptions of all member countries. Since the Ordinance did not authorise payment in respect of increase in our subscription on account of increase in the authorised capital stock of the Bank, it became necessary to amend the Ordinance and provide for such authority. The Ordinance was accordingly amended and at the same time converted into the International Monetary Fund and Bank Act, 1945.

2. The Board of Governors of the International Monetary Fund have now approved certain amendments to the Articles of Agreement of the Fund providing *inter alia* for the establishment of a facility based on the Special Drawing Rights Scheme to meet the need, as and when it arises, for a supplement to the existing monetary reserve assets. With the establishment of the Special Drawing Rights Scheme it will be open to members of the Fund to participate in the scheme. Participants in the scheme will, when it is activated, be entitled to allocation of Special Drawing Rights which could be used as a supplement to the foreign monetary reserve assets of the member, in accordance with the provisions in the Articles. In this connection certain charges for the use of Special Drawing Rights and assessments to meet the expenses of working the scheme would become payable by participating members.

3. The existing provisions of the International Monetary Fund and Bank Act, 1945, which provide for the payment of charges under the normal operations of the Fund will need amendment to provide for the payment of charges or assessments in connection with the Special Drawing Rights Scheme. It is also necessary to empower the Reserve Bank of India to act on behalf of the Government in regard to this scheme. Hence the Bill seeks to amend the International Monetary Fund and Bank Act, 1945, to provide for the payment of charges and assessments in connection with the Special Drawing Rights Scheme and also to empower the Reserve Bank of India to act as designated authority on behalf of the Government to receive, acquire, hold, transact and operate Special Drawing Rights and to perform all acts incidental thereto.

FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to amend section 2 of the International Monetary Fund and Bank Act, 1945, with the object of enabling the Central Government, after due appropriation, to pay out of the Consolidated Fund of India such sums as may from time to time be necessary for the payment of charges and assessments on the use of the Special Drawing Rights that may be created by the Fund. It is not possible to estimate at this stage the payments which will have to be made as the activation and operation of the Special Drawing Rights Scheme will depend on decisions to be taken by the Board of Governors of the Fund in accordance with the amended Articles of the Fund. The quantum of allocation of Special Drawing Rights and the period over which the allocation will be made are also decisions yet to be taken by the Board of Governors. It is proposed in the amendments to the Articles of the Fund that participating members in the Scheme should pay charges on the net cumulative use of Special Drawing Rights. Assessments are payable by participants to meet the administrative costs of operating the Special Drawing Account. The rate of charges is initially fixed at 1.5 per cent. on the use of Special Drawing Rights. Appropriate assessments as decided by the Fund will be payable at a rate not greater than 2 per cent. or the rate of remuneration decided under Article V, Section 9, whichever is higher and not smaller than 1 per cent. or the rate of remuneration decided under Article V, Section 9, whichever is lower, to the General Account of the Fund for meeting the cost of operations of the Special Drawing Account. These charges and assessments will be paid in Special Drawing Rights. Apart from these payments that may arise from time to time in the future, no other recurring or non-recurring expenditure is involved.

S. L. SHAKDHER,

Secretary.

